

Minutes
Wylie Economic Development Corporation
Board of Directors Meeting

June 18, 2015 – 6:30 A.M.
WEDC Offices – Conference Room
250 South Highway 78 – Wylie, Texas

CALL TO ORDER

Announce the presence of a Quorum

President Marvin Fuller called the meeting to order at 6:34 a.m. Board Members present were John Yeager, Mitch Herzog, Demond Dawkins and Todd Wintters.

WEDC staff present was Executive Director Sam Satterwhite and Sr. Assistant Angel Wygant.

Mr. Fuller welcomed John Yeager and Demond Dawkins to another term on the WEDC Board of Directors.

Ex-officio member Jeff Butters arrived at 6:48 a.m.

CITIZEN PARTICIPATION

With no citizen participation, Mr. Fuller proceeded to Action Items.

ACTION ITEMS

ITEM NO. 1 – Consider and act upon approval of the June 5, 2015 Minutes of the Wylie Economic Development Corporation (WEDC) Board of Directors Meeting.

MOTION: A motion was made by Todd Wintters and seconded by John Yeager to approve the June 5, 2015 Minutes of the Wylie Economic Development Corporation. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 2 – Consider and act upon approval of the May 2015 WEDC Treasurer's Report.

MOTION: A motion was made by Mitch Herzog and seconded by John Yeager to approve the May 2015 WEDC Treasurer's Report. The WEDC Board voted 5 – FOR and 0 – AGAINST in favor of the motion.

ITEM NO. 3 – Consider and act upon issues surrounding the FY 2015-2016 WEDC Budget.

Staff informed the Board that all of the budget cuts discussed at the June 5, 2015 WEDC Board Meeting had been implemented but noted that a much different budget was being presented at this meeting. The primary difference was receipt of a beginning fund balance that was \$850,000 higher than anticipated by staff. Finance explained the significant variance based upon the

ending Fund Balance as of 8-30-14 being \$787,613 greater than projected in June 2014 which left the WEDC with more in reserve in FY 14-15. Staff reminded the Board that the same scenario took place last year with the WEDC removing \pm \$800,000 from the budget toward the end of the process.

Even with increased resources, staff believes the previously recommended budget cuts are necessary to prevent the budget from being a continuous carryover from prior years and maximizing all resources toward the core economic development functions of debt service, incentives, and land acquisition.

As was shown on an attached detailed budget, the WEDC has \$4,085,172 in available resources as follows:

Beginning Fund Balance:	\$1,673,185
Sales Tax	2,257,829
Note Receivable	11,958
Rental Income	141,200
Interest Earnings	<u>1,000</u>
Total	\$4,085,172

As had been indicated previously, the beginning fund balance includes \$559,567 payable toward the Woodbridge Parkway extension project with an offsetting expense within 'Other Financing'. Should the WEDC commitment be finalized within the '14-'15 fiscal year, the fund balance will be reduced accordingly and there will be no budgeted expense.

Sales tax receipts have been calculated by assuming a modest 7% gain for the balance of the fiscal year and a 5% gain for FY 15-16. The Finance Department has been discussing a potential modification to the assumptions utilizing a 10% factor for the remaining fiscal year and 5% for next year or 10% for this year and 7% for next year. Both scenarios will have minimal impact on the WEDC budget impacting projections by \$30,000 - \$60,000. A final decision will be made prior to the WEDC Regular Meeting in July.

With an additional \$75,000 budgeted for a new position (including car and cell allowances), total personnel expenses come in at \$344,208 or 9% of available resources. The WEDC has \$878,518 in fixed incentive programs and \$669,540 for future projects. Total Incentives of \$1,548,058 represent 38% of resources. Debt service is budgeted at \$689,049 or 17% of available resources. Within Capital Outlay staff has budgeted \$200,000 for Land Acquisition and \$400,000 for the remodeling of a WEDC building on Commerce Street. Should the Commerce Street building not be utilized for the relocation of a local business, staff anticipates bringing the building up to the minimum code and either listing it for sale or having it available for a new project. The \$600,000 within Capital Outlay represents 15% of the WEDC resources. Finally, total expenses within the core functions of economic development equal 70% of all available resources.

Staff called to the Board's attention, Project BTI within incentives and debt service. These line items represent monies that may or may not be allocated toward projects impacting WEDC

property owned on State Highway 78 which may soon be redeveloped. Staff believes that these expenses will be offset by the sale of real estate but is only budgeting for the expense side. Also within Debt Service is the Jones tract which may be purchased within FY 14-15.

Staff made no recommendation and requested no action on this item.

ITEM NO. 4 – Consider and act upon issues surrounding a Performance Agreement between WEDC and KREA Acquisitions, L.L.C.

Board Member Herzog noted a correction to this item. “Richard Parker, Inc.” should be corrected to read “Parker/Scholze, Ltd.”. Staff noted for the record that Board Member Herzog is employed by the Real Estate Broker Richard Parker, Inc. While the relationship does not meet the technical definition of a conflict of interest, there is a perceived conflict of interest. Therefore, Board Member Herzog has removed himself from prior discussion regarding this topic and is/will abstain from any direct input on this project.

Staff requested that this item be tabled to the July 17, 2015 Regular Board Meeting or any Special Called Meeting held prior to that date.

MOTION: A motion was made by Todd Wintters and seconded by Demond Dawkins to table this item until the July 17, 2015 Regular Board Meeting or any Special Called Meeting held prior to that date. The WEDC Board voted 4 – FOR and 0 – AGAINST in favor of the motion. Board Member Herzog ABSTAINED from voting.

DISCUSSION ITEMS

ITEM NO. 5 – Staff Report: review issues surrounding Performance Agreements between the WEDC and: Woodbridge Crossing, Ascend Custom Extrusions, CSD Woodbridge, Exco Tooling Solutions, Von Runnen Holdings, 605 Commerce, South Ballard properties, WEDC Personnel and regional housing starts.

Analysis

Staff reminded the Board that they may not discuss an item which is not specifically identified on the agenda. Only those items listed above can be discussed. Should any Board member want an issue be placed on the agenda at any time prior to a Board meeting, please contact the WEDC President or staff.

Woodbridge Crossing

Attached for the Board’s review was the Sales Tax Reimbursement Report which identifies all sales taxes received through May 2015 within Woodbridge Crossing for the City General Fund, the WEDC, and the 4B. As a reminder, the City and WEDC reimbursed 85% of all sales tax generated within Woodbridge Crossing through September 2013 with the reimbursement percentage reduced to 65% thereafter. Due to the default under the Amended and Restated

Performance Agreement, Woodbridge Crossing is only eligible to receive up to \$6 million in sales tax reimbursement through September 2021 as opposed to the maximum reimbursement of \$12 million originally contemplated.

\$2,899,925 in reimbursements has been earned through May 2015 with net receipts of \$1,984,072 after reimbursements. As well, it is estimated that \$2.5 mm has been paid in ad valorem taxes to the City of Wylie (excluding the WISD).

As shown on the Sales Tax Reimbursement Report, \$123,984 was generated in sales tax in March 2015 versus \$100,190 in March 2014. This increase represents a 24% gain over 2014 receipts.

Ascend Commercial Lease and Performance Agreement

Attached for your review was the Ascend Custom Extrusion Critical Dates Analysis and Performance Agreement Monitoring Procedures. Payment #4 of 5 for the Economic Incentives has been funded with Ascend meeting all Performance Obligations within Sections A and B of the attachment.

Also attached for review was the summary of a second Performance Agreement between the WEDC and ACE which was approved in December 2013. Payment #2 of 4 has been funded with Ascend meeting all Performance Obligations within Section A of the attachment.

CSD Woodbridge Performance Agreement

On July 15, 2013 a certificate of occupancy (CO) was issued for Kroger Marketplace. Beginning October 1, 2013 and ending October 1, 2023, Clark Street Development is eligible to receive a ½ cent sales tax reimbursement from the WEDC (City of Wylie not part of sales tax reimbursement agreement). Quarterly payments will be made to Clark Street based upon the data provided by the Comptroller. In addition to the \$100,000 reimbursement incentive paid by the WEDC at CO, Clark Street is eligible to receive cumulative incentives of \$1,100,000 over the life of the Agreement.

Along with a summary of the Performance Agreement, a Sales Tax Reimbursement Report was included for the Board's review. The impact of The Rock Wood Fired Kitchen will not be evident for another month.

Exco Tooling Solutions

Exco has begun construction of its 30,000 square foot facility within Premier Business Park. Prior to the significant rain event experienced in North Texas, all indications pointed to an October completion date. Exco is now anticipating a December CO. As provided in the Summary of Performance Obligations, the WEDC will fund an \$87,000 incentive upon issuance of a CO followed by four payments of \$20,000 over the next four years.

Von Runnen Holdings

Von Runnen Holdings is building a 12,047 square foot commercial project to be located at 201 Security Court which is located near the intersection of Hooper and F.M. 544. Even with progress slowed due to rain, Von Runnen believes that a January 1, 2016 completion date is still realistic. A summary of the Performance Agreement is attached for the Board members review.

605 Commerce

Whitehead & Mueller (W&M) continue testing of the Commerce property and have enrolled the same in the Texas Council on Environmental Quality (TCEQ) Voluntary Cleanup Program (VCP). The entire process should take approximately 8 months and remodeling (if any) of the building can take place during the VCP process. W&M should be complete with all data collection within the next 30 days and provide recommendations for clean-up. To summarize the two potential recommendations that staff anticipates, W&M will either recommend to the TCEQ that the impacted soils under the building either be left in place or be removed and disposed of in a qualified landfill. If the soils stay in place, deed restriction on the property will be required stating that if there is any penetration of the foundation, TCEQ must oversee the process. If the soils are removed deed restrictions will not be required. Further, the recommendation will come down to WEDC cost tolerance.

South Ballard properties

The WEDC has closed on the purchase of six South Ballard properties from the Birmingham Land Trust. While Intercon Demolition still has to grade the property, staff was comfortable closing. Staff anticipates a Special Meeting in the near future to discuss WEDC direction for future use of these properties.

WEDC Personnel

Attached for review were job descriptions from the Frisco EDC for Vice President, Director of Business Development, Director of Economic Development, Manager of Economic Development, and Economic Development Specialist. Staff anticipates many of these duties will be overlapping for the proposed WEDC Assistant Director. Salary ranges for Vice President and ED Specialist are \$100,000 - \$130,000 and \$60,000 - \$65,000 respectively.

Staff is awaiting similar information from EDC's for Rockwall, Allen, Terrell, Tyler, and McKinney.

Regional Housing Starts

Sixty-Eight homes were permitted in Wylie for May 2015. Sachse, Lavon, and Murphy permitted a combined twelve homes over the same period. With 37 permits already issued since June 1st, it is more than likely that permits for the first six months of 2015 will outpace all of 2014.

No action is requested by staff for this item.

EXECUTIVE SESSION

Recessed into Closed Session at 7:21 a.m. in compliance with Section 551.001, et.seq. Texas Government Code, to wit:

Section 551.087 (Economic Development) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act).

- Project 2015-2a
- Project 2015-6a

Section 551.072 (Real Estate) of the Local Government Code, Vernon's Texas Code Annotated (Open Meetings Act). Consider the sale or acquisition of properties located near the intersection of:

- Jackson and Oak
- Birmingham and Oak
- Cooper Drive and State Highway 78

RECONVENE INTO OPEN MEETING

The WEDC Board of Directors reconvened into open session at 8:15 a.m. and took no action.

ADJOURNMENT

With no further business, President Fuller adjourned the WEDC Board meeting at 8:15 a.m.



Marvin Fuller, President

ATTEST:



Samuel Satterwhite, Director